

**Managed Risk Medical Insurance Board
September 28, 2005**

Board Members Present: Cliff Allenby, Areta Crowell, Ph.D., Richard Figueroa, Virginia Gotlieb, M.P.H., Sandra Hernández, M.D.

Ex Officio Members Present: Jack Campana, Ed Heidig, David Topp

Staff Present: Lesley Cummings, Denise Arend, Laura Rosenthal, Vallita Lewis, Janette Lopez, Tom Williams, Jeanne Brode, Stuart Busby, Renee Mota-Jackson, Thien Lam, Ernesto Sanchez, Willie Sanchez, Sarah Soto-Taylor, Angela Foreman, JoAnne French

Chairman Allenby called the meeting to order and recessed it for executive session. At the conclusion of executive session, the meeting was reconvened.

REVIEW AND APPROVAL OF MINUTES OF JULY 27, 2005, MEETING

A motion was made and unanimously passed to approve the minutes of the July 27, 2005, Meeting.

NOTE: Agenda item 7 was taken out of sequence.

EVALUATION OF HEALTHY KIDS PROGRAM IN SANTA CLARA COUNTY

Gene Lewit, Senior Program Manager of the Children, Families, and Communities Program at the David and Lucile Packard Foundation provided initial remarks about the Santa Clara County Children's Health Initiative (CHI) and the evaluation which was funded by the Packard Foundation.

The Santa Clara County CHI was established four years ago with the simple goal of ensuring that all children in the county have access to quality health, dental, and vision care through insurance. It was the first of its kind in California. It was designed to address two aspects of the problem of uninsured children: (1) the largest group of uninsured children are those who are eligible for, but not enrolled in, Medicaid or SCHIP; and (2) the next largest group of uninsured children are in low to moderate income families but are not eligible for Medicaid or SCHIP. The county combined funding sources to create the "Healthy Kids" Program to provide coverage to children who are not eligible for public programs and to do outreach to uninsured children to get them enrolled in the appropriate program. With the Santa Clara program serving as a model, CHIs are now operating in nine other counties and are in various stages of development in approximately 20 other counties.

Mr. Lewitt then introduced Chris Trenholm of Mathematica to present the highlights of the evaluation which was performed by Mathematica in collaboration with the University of California at San Francisco and The Urban Institute. He referenced two briefing papers published in April 2005 that presented these highlights.

Mr. Trenholm gave an overview of the methods used for the evaluation and the demographics of the population surveyed, e.g., family make-up, income, children's ages, ethnicity, health status, utilization of health care services, etc.

The findings of the evaluation, which covered the first two years of the program, demonstrated that outreach efforts by Santa Clara's CHI were highly successful in increasing enrollment in Medi-Cal and SCHIP by about 28% (13,500 children). An additional 15,638 children were enrolled into Healthy Kids coverage. The success in increasing enrollment has continually climbed since inception.

Mr. Trenholm also reviewed how the Healthy Kids program had reduced gaps in access to medical and dental care. Utilization of services almost doubled once healthcare became available, but is still lower than average compared to children in general.

Dr. Hernández asked whether HEDIS data would be available. Janie Tyre of Santa Clara Family Health Plan responded that they have been collecting data for last year and the current year. Ms. Cummings added that during a site visit to Santa Clara she got a chance to look at some of the outcomes and they look good. Chairman Allenby asked whether the observed lower utilization of care was also true of dental services. Ms. Tyre replied that the data in the report reflects experience with a dental maintenance organization (DMO) and that utilization later increased when a dental provider organization (DPO) was added. Dr. Crowell suggested that the researchers consider use of the Peds QL™ instrument, noting that it is more expensive to use but provides information on social functioning as well as health status. She thanked the Packard Foundation for its support of the Santa Clara project and the Peds QL™ project.

Dr. Hernández asked how many uninsured children remain in Santa Clara. Ms. Tyre replied that it was about 4%. Dr. Hernández asked about the sustainability of funding, especially in light of the wide range of sources and competition from other counties for private sources. Ms. Tyre responded that there is a wide, diverse base of support for the program in the community, but foundation funding was a major source of the funding and this was not going to continue forever. David Topp asked why the county had undertaken a project when so much of the funding appeared to be short term. Ms. Tyre replied that the county had a real, long term commitment to the program and suggested that the Packard Foundation address the issue of foundation funding. Linda Baker, of the Packard Foundation, said that Packard felt it was building on a solid base given the substantial local funding commitment that preceded the Packard grant. Also, the project was enormously successful in enrolling children to a degree that they had not anticipated. Since the program is more successful than anticipated, it is hoped it will

create a momentum throughout California. Dr. Hernández commented that Santa Clara's accomplishment raises the issue of who has responsibility for sustaining a successful demonstration project.

This evaluation will be given again later today to the state legislature. Information on the Santa Clara CHI can be obtained at www.chikids.org; information on the study can be obtained from ctrenholm@mathematica-mpr.com.

LEGISLATIVE UPDATE: STATE BILL UPDATE

Jeanne Brode presented a summary of the bills impacting MRMIB which are enrolled and on the Governor's desk or have been signed to date. The Governor has until October 9, 2005, to sign or veto pending legislation. A full legislative report will be provided at the next meeting.

FEDERAL LEGISLATIVE UPDATE

Chairman Allenby announced there would not be an update of federal legislation at this meeting.

HEALTHY FAMILIES PROGRAM (HFP) UPDATE

Enrollment and Single Point of Entry (SPE) Reports

Sarah Soto-Taylor reported that there are 750,033 children enrolled in HFP as of September 26. She also reviewed enrollment data for the month of August, noting that there has been an increase of applications processed with assistance.

Janette Lopez reported on the impact of the premium increase that went into effect July 1, 2005, for children with family incomes between 200-250% FPL. She described the process undertaken to allow families in the affected income category to request re-evaluation of their income prior to the increase taking effect. Approximately 10,433 had their premiums reduced through this process. She reviewed a chart depicting the number of children disenrolled due to non-payment of premiums by FPL category during the months of June, July, and August, 2005. (The increase took effect on July 1.) The chart showed higher rates of disenrollments in August for all income categories, but one that was proportionately higher for the affected income group. Specifically, disenrollments increased from around 1,500 in June and July to 2,400 in August—an increase of 900 compared to increases of about 200 in the lower income categories. Mr. Figueroa commented that according to Kaiser Family Foundation data California has significantly higher enrollment than other states. Dr. Crowell added that she is grateful the percentage of disenrollments appears as small as it is—it could have been much worse. Ms. Gotlieb said she hopes enrollment will increase when school starts and there is a boost in outreach efforts.

Administrative Vendor Performance Report

Sarah Soto-Taylor presented the administrative vendor (AV) performance report for HFP and SPE. Maximus is the AV for these programs; performance measures are contained in the AV's contract. In the month of July, Maximus met all seven performance standards for HFP and four performance standards for SPE.

In the month of August, Maximus met six of the seven performance standards for HFP and all four performance standards for SPE. The percentage of calls answered within 25 seconds was 79.8% instead of the required 85%. Maximus submitted a corrective action plan to address this area which involved training 32 new call center staff during the week of September 12 and training an additional 32 call center staff the week of September 19.

Advisory Panel Summary

Jack Campana said the Advisory Panel concentrated on two topics. First, they discussed the qualifications of the Advisory Panel chair. He will continue to serve in the current year. Secondly, they were concerned with dental issues, especially anesthesia. Dr. Crowell noticed the Panel is still recruiting for a member with a child who has special needs. Ms. Lopez said they are extending the deadline for submissions and are working with CCS to advertise. Dr. Crowell suggested they also work with the counties.

First Draft Health, Dental, and Vision Plan Contract Amendments 7/1/06 to 6/30/07

Denise Arend reported that there are relatively minor changes being made to the contracts. Most changes are being made to clarify expectations. Redlined drafts of the affected pages were available for review. If there are any significant editions to the first draft, staff will present a second, final draft along with the notification of deadlines at the next meeting.

Annual Eligibility Review Survey Results (June 2005 Disenrollments)

Janette Lopez reported on a survey undertaken of families whose children were disenrolled at AER but who subsequently re-enrolled within two months of disenrollment. The survey's purpose was to assess whether there were program improvements that could be made that would have ensured that the children remained enrolled. She described the existing program features aimed at obtaining the AER information back from families, such as sending a pre-printed form with a postage-paid envelope and a series of reminder notices and phone calls. She then reviewed the reasons families gave for not responding, and indicated that staff was unable to see any particular theme or changes that could be made based on the information.

Dr. Crowell asked Ms. Tyre for her input since Santa Clara has a higher renewal rate than HFP. Ms. Tyre said Santa Clara follows the same process that HFP does, but they have closer contact with families. They maintain a hardship fund for premium payments

and allow their certified application assistants (CAAs), to use the electronic One-e-App for AER, in contrast to HFP. Chairman Allenby added that there is a clear advantage to operating at the community level. Ms. Lopez commented that MRMIB staff is looking at using Health-e-App at AER and she noted that Santa Clara's retention rate may also be higher because there is a waiting list for enrollment.

Appeals Workload Update

Ms. Lopez began by describing the difference between program reviews and appeals, and first level and second level appeals. She presented a series of charts which showed the relative volume of program reviews versus appeals, the percentage of appeals approved and denied, the volume of eligibility decisions made, and the reasons for appeals.

Maximus is current on all first level appeals, but MRMIB staff, who handles first level appeals with medical claims and all second level appeals, has a backlog due to the staffing reductions that occurred in past budgets. The new budget replaced some of the lost staff, but the majority of staff are still relatively new and thus not at full productivity. A team has been created to focus on current applications and a second team was created to focus on backlog. In August, staff cleared everything that came in that month plus a month's worth of the backlog. Staff is seeing light at the end of the tunnel.

The Board said they found the charts very helpful. Mr. Campana expressed concern for those who may be too discouraged to appeal their denial. Ms. Lopez replied that monthly monitoring at Maximus indicates there is a high level of accuracy in the initial decision resulting in a minimal number of appeals being reversed. Additionally, ISO certification and the SAS program Maximus has implemented enhanced quality control.

Outreach Work Group Report

Ernesto Sanchez reported on the Outreach Work Group which meets right after the Advisory Panel. Staff has been working to reinvigorate attendance and will continue to reach out to community partners, businesses, and advocacy groups.

Issues discussed at the meeting include: an update on the CAA online training; eligibility requirements and overview of the payment process for EEs; and an update on the Connecting Kids Program funded by the Packard Foundation. Teachers for Healthy Kids and Blue Cross made a presentation on their outreach efforts. (Teachers for Healthy Kids is a partnership of the California Teachers Association and the California Association of Health Plans.) Blue Cross also indicated that it is operating application assistance vans and an AER pilot project.

Application Assistance Reimbursements

Ernesto Sanchez reported on the reimbursement of enrollment entities (EEs). The budget for EEs is \$15 million. He reviewed the activities MRMIB and Maximus took beginning in February to inform the public and approximately 4,600 former EEs that reimbursements for successful application assistance would be reinstated. By the end of August, EEs successfully assisted with 1037 applications and 558 AERs. The number of EEs increased from 560 to 772 from July (the first month of payment) to August. Staff is continuing to work with EEs to correct any problems and identify business rule modifications.

Open Enrollment Results

Willie Sanchez presented a report on open enrollment transfers. The percentage of subscribers changing plans and the satisfaction survey results did not differ significantly from historical data. Ms. Cummings pointed out that this is the first time the report provided to the public shows transfer by plan. Board members complimented Mr. Sanchez on an excellent report.

Rural Health Demonstration Projects: Solicitation for 3/1/06 to 6/30/07

Renee Mota-Jackson presented the solicitation package for additional rural health demonstration projects. The budget provided MRMIB with an additional \$3 million for these projects. Staff proposed to spend \$1.7 million on new projects submitted under the solicitation and \$1.3 million on worthwhile projects that could not be funded under the solicitation that occurred in March (see write up below). Ms. Jackson indicated that the solicitation requests projects that would increase access in rural areas and/or address the needs of special populations. The solicitation will be directed to current HFP health, dental, and vision plans. The projects would commence on March 1, 2006, and run through June 30, 2007. She asked the Board to approve staff's recommendations for the solicitation. Ms. Gottlieb asked if the solicitation package before the Board differed in any significant respect from the one the Board had approved earlier in the year. Ms. Mota-Jackson replied that it did not. A motion was made and unanimously passed to approve the solicitation as presented.

Rural Health Demonstration Projects: Award of Additional RHDP Projects for 11/1/05 to 6/30/07

Ms. Mota-Jackson reminded the Board that in March 2005 it had approved 36 of the 67 projects submitted in response to the last solicitation. There were several projects which met all of the criteria for funding but could not be funded with the amount available. Ms. Moto-Jackson reviewed with the Board a chart detailing the projects which staff recommended funding from that solicitation. These seven projects would begin on November 1, 2005, and run through the end of fiscal year 2007. Dr. Crowell clarified for the public that these projects had already met all of the criteria. They were

not chosen due to lack of funding, which has now become available. A motion was made and unanimously passed to approve the additional seven projects as presented.

Julie Day from Delta Dental told the Board that the clinics are very grateful for the funding. They will use mobile offices to provide services where dentists cannot be recruited. Ms. Day said it is difficult to describe just how much this will help rural populations.

HEALTHY KIDS BUY-IN UPDATE

Ms. Cummings provided the Board with a document detailing staff recommendations on the various design issues associated with developing a buy-in and reviewed the changes staff had made to the document since the Board's last meeting. She noted that there remained a critical unresolved issue which is how to provide services to children with CCS conditions that do not meet CCS financial eligibility criteria. A couple of HFP plans have indicated that they would only be interested in participating in the buy-in if treatment of conditions for those children were carved out to CCS (as is the case in HFP). The California Endowment has hired PricewaterhouseCoopers to analyze the degree of risk associated with these costs. Chairman Allenby added that counties are not always diligent about ascertaining income to meet the test of CCS children. Ms. Cummings noted that there would be variation from county to county. Ernesto Sanchez, MRMIB's manager in charge of the project, has not been able to collect all the information needed at this point. CCS issues could be a barrier to the program.

Ms. Cummings presented a chart detailing the 11 counties that have submitted letters of intent received to participate in the buy-in, noting that these counties had identified a need for coverage nearly 20,000 children. The First 5 Commission is the chief funding source. Dr. Hernández asked about the cost of AV services. Ms. Cummings replied that the localities will be assessed a monthly fee for AV services and MRMIB staff services. Dr. Hernández then asked how much is needed for start-up funds. Ms. Cummings replied that an amount has not been calculated as yet. Dr. Crowell asked the length of time the localities are committed to. Ms. Cummings replied that this has not been completely worked out. At this point, counties are being asked to participate for two years. Counties will pay up front for a period of 12 months for each child enrolled. MRMIB will tell the counties how much that will cost, and the counties in turn will tell MRMIB how many children can be enrolled based on that cost.

Chairman Allenby acknowledged staff for doing a good job getting the program started. Ms. Cummings in turn acknowledged Mr. Sanchez and his team. Mr. Sanchez introduced the members of his team: Sarah Swaney, Stephen LeFebre, Mary Anne Terranova, and Judy Torres.

Mr. Sanchez reviewed the revised work plan and timeline for the project and indicated that staff is still working toward a July 1, 2006, implementation date. The Board

commented that the timeline was very ambitious and represented a huge amount of work.

ACCESS FOR INFANTS AND MOTHERS (AIM) UPDATE

Enrollment Report

Sarah Soto-Taylor reported there are currently 6,756 women and 9,110 infants enrolled in the program, reflecting an average of over 800 women enrolled newly each month. Enrollment of infants continues to decrease as they reach two years of age and transfer into HFP. She reviewed the enrollment data, including infant gender percentage, ethnicity, and the counties and health plans with the highest percentage of enrollment.

Quarterly Fiscal Report

Tom Williams reported that as of June 30, 2005, there were total assets of \$19,277,951, total liabilities of \$17,939,172, and a fund balance of \$1,338,779. For the fiscal year ending June 30, 2005, total revenues were \$126,198,287, total expenditures were \$127,156,023, leaving a deficit fund balance of \$957,736.

Dr. Crowell asked what the status was of federal action on the state plan amendment (SPA) that California had submitted to claims federal SCHIP funds to women served in the AIM program. Ms. Cummings replied that the Centers for Medicare and Medicaid (CMS) had sent a "stop-the-clock" letter asking a number of questions about the SPA. Staff is in the process of answering CMS' questions. Chairman Allenby asked how the timing of the SPA factors in with the time period of the fiscal report. Ms. Rosenthal replied that California had requested SCHIP funding back to July 1, 2004.

Mr. Williams acknowledged members of the staff, Stuart Busby, Kim Elliott, and Deborah Simmons, for their hard work with DGS to bring in federal financial participation (FFP).

MAJOR RISK MEDICAL INSURANCE PROGRAM (MRMIP) UPDATE

Enrollment Report

Sarah Soto-Taylor reported that there are currently 8,906 people enrolled in the program. The program is approaching the enrollment cap of 9,014. As of September 26, there are 40 slots available, with 348 on the waiting list, 69 of which are serving the post-enrollment waiting period. The total number of disenrollments pursuant to AB 1401 is 11,622 as of August 1.

Ms. Gotlieb noted that enrollment is approaching the cap. She asked if a waiting list will go into effect before November. Ms. Cummings replied that there will be a waiting list commencing in October. She said the enrollment cap is calculated twice a year. The new cap will be reported at the November meeting.

Quarterly Fiscal Report

Stuart Busby reported that as of June 30, 2005, there were total assets of \$39,573,538 total liabilities of \$11,757,745, and a fund balance of \$27,815,793. For the fiscal year ending June 30, 2005, total revenues were \$40,002,698, total expenditures were \$32,431,044, with a fund balance of \$27,815,793.

Subscriber Premium Changes

Stuart Busby reported on the memo from PricewaterhouseCoopers, MRMIB's actuary, concerning premium rate changes. The average rate increase is approximately 9%. Mr. Busby reviewed the increases and decreases by plans

Disenrollment Survey

Thien Lam reported on the 2005 disenrollment survey. There was a decline in the number of subscribers who responded to the survey. The highest number of subscribers disenrolled because they obtained other coverage. The second highest number of disenrollees said they could not afford the MRMIP premiums. Over the last three years, the percentage of subscribers who disenrolled because they obtained other coverage has increased. Ms. Gotlieb asked if staff knew what kinds of benefits were obtained with the other coverage. Ms. Lam replied that the survey did not ask for that information.

There being no further business to come before the Board, the meeting was adjourned.